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- and -

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Counsel to the Debtors and Debtors  
in Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

- - - - - X  
In re: : Chapter 11  
:   
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)  
et al., :   
: Jointly Administered  
Debtors. :   
: **Obj. Deadline: 6/2/10 at 5:00**  
: **p.m. (Eastern)**  
- - - - - X

**NOTICE OF PROPOSED SETTLEMENT AGREEMENT AND STIPULATION  
BY AND AMONG THE DEBTORS AND THE COUNTY OF HENRICO,  
VIRGINIA RESOLVING THE DEBTORS' NINETEENTH OMNIBUS  
OBJECTION, TWENTY-FOURTH OMNIBUS OBJECTION, AND THIRTY-  
SEVENTH OMNIBUS OBJECTIONS TO MULTIPLE CLAIMS**

PLEASE TAKE NOTICE that, on August 10, 2009, the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") entered the Order Pursuant To 11 U.S.C. §§ 105 and 363, and Fed. R. Bankr. P. 2002, 9006, and 9019 Authorizing the Establishment of Procedures to Settle Certain Pre-Petition and Post-Petition Claims and Causes of Action Without Further Court Approval

(the "Order") (D.I. 4401).<sup>1</sup> A copy of the Order (without exhibits) is annexed as Exhibit 1.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Order, the above-captioned debtors and debtors in possession (collectively, the "Debtors")<sup>2</sup> are authorized to negotiate and enter into stipulation and settlement agreements with third parties, subject to the procedures set forth in the Order and outlined herein.

PLEASE TAKE FURTHER NOTICE that, at this time, the Debtors have entered into a settlement agreement and stipulation (the "Settlement") with the County of Henrico, Virginia (the "Claimant"), a copy of which is annexed as Exhibit 2.

### **SUMMARY OF SETTLEMENT TERMS<sup>3</sup>**

PLEASE TAKE FURTHER NOTICE that, in accordance with paragraph 10(b) of the Order, the material terms of the Settlement are as follows:

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Order.

<sup>2</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), PRAHS, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address was 9950 Mayland Drive, Richmond, Virginia 23233 and currently is 4951 Lake Brook Drive, Glen Allen, VA 23060.

<sup>3</sup> This section of the notice constitutes a summary of the material terms of the Settlement and is being provided for convenience only and should not be relied upon in any way. All parties are strongly encouraged to review the Settlement in its entirety. In the event there is a conflict between the notice and the Settlement, the Settlement shall control in all respects.

(i) The Settlement is a Tier II Settlement;

(ii) The Settlement is between the Debtors and the Claimant (the "Parties" and each of which is a "Party");

(iii) Among other claims, Claimant filed the proofs of claim set forth on Exhibit A to the Settlement that remain pending and unresolved (collectively, the "Claims");

(iv) The Debtors filed several objections to the Claims, including the following objections that remain unresolved (the "Objections"):

(1) Debtors' Nineteenth Omnibus Objection to Claims (Reclassification of Certain Misclassified Claims to General Unsecured, Non-Priority Claims), which objected to, among other claims, several of the Claims (Docket No. 3703);

(2) Debtors' Twenty-fourth Omnibus Objection to Claims (Disallowance of Certain Real Estate Tax Claims on Real Property in Which the Debtors Leased the Real Property), which objected to, among other claims, several of the Claims (Docket No. 4017); and

(3) Debtors' Thirty-Seventh Omnibus Objection to Claims (Reduction of Certain Personal Property Tax Claims), which objected to, among other claims, several of the Claims (Docket No. 4613);

(v) The Claimant filed the following responses to the Objections (the "Responses"):

(1) Henrico County, Virginia's Response to Debtors' Nineteenth Omnibus Objection (Docket No. 4062);

(2) Henrico County, Virginia's Response and Opposition to Debtors'

Twenty-Fourth Omnibus Objection to Claims (Docket No. 4422); and

(3) Henrico County, Virginia's Response in Opposition to Debtors' Thirty-Seventh Omnibus Objection to Claims (Reduction of Certain Personal Property Tax Claims) (Docket No 5109);

(vi) On April 29, 2010, the Debtors filed their Motion for Partial Summary Judgment on the Thirty-Seventh Omnibus Objection and Memorandum of Law in Support thereof (Docket Nos. 7343, 7344) (the "Motion for Summary Judgment");

(vii) On account of the various tax liabilities set forth in the Claims, Claim No. 2248 is hereby modified and allowed and is no longer subject to amendment or revision, as an Allowed Priority Claim (as defined in the Plan), in the total amount of \$975,736.00, and shall be paid in full on or before June 30, 2010;

(viii) Except for Claim No. 2248 that is amended as provided in the preceding paragraph, all of the Claims filed to date by Claimant are hereby forever withdrawn and disallowed for all purposes in these bankruptcy cases;

(ix) Any and all other proofs of claim, administrative expense requests, or scheduled liabilities filed by Claimant or on its behalf for any debt related to the period on or before December 31, 2009, shall be deemed disallowed and Claimant covenants and agrees not to file any additional proofs or claim or administrative expense requests for this time period in the Debtors' cases. The Parties, on behalf of themselves and their successors and assigns, hereby irrevocably and fully release one another from and against any and all claims (as defined in section 101(5) of

the Bankruptcy Code) or causes of action related to the period on or before December 31, 2009. It is the intent of the Parties that the Debtors' obligations for the Claimant's taxes and services on or after January 1, 2010 will be timely paid in accordance with Virginia law; and

(x) Upon the occurrence of the Effective Date, the Objections and the Responses shall be deemed resolved.

**TIME AND PLACE FOR FILING OBJECTIONS OR REQUESTING  
ADDITIONAL INFORMATION OR TIME TO CONSIDER THE SETTLEMENT**

PLEASE TAKE FURTHER NOTICE that, in accordance with paragraph 10(c) of the Order, any Notice Party may object (each an "Objection") to or request additional time or information (each a "Request") to evaluate the Settlement.

PLEASE TAKE FURTHER NOTICE that all Objections and Requests must be in writing and received by counsel to the Debtors and counsel to the Official Committee of Unsecured Creditors (see information below) by no later than **June 2, 2010 at 5:00 p.m. (Eastern)** (the "Objection Deadline"). Each Objection or Request must be served on (i) the attorneys for the Debtors, (a) Skadden, Arps, Slate, Meagher & Flom, LLP, One Rodney Square, P.O. Box 636, Wilmington, DE 19899, Attn: Gregg M. Galardi ([gregg.galardi@skadden.com](mailto:gregg.galardi@skadden.com)) and Ian S. Fredericks ([ian.fredericks@skadden.com](mailto:ian.fredericks@skadden.com)) and (b) McGuireWoods LLP, One James Center, 901 E. Cary Street, Richmond, VA 23219, Attn: Douglas M. Foley ([dfoley@mcguirewoods.com](mailto:dfoley@mcguirewoods.com)) and Daniel F. Blanks ([dblanks@mcguirewoods.com](mailto:dblanks@mcguirewoods.com)), and (ii)(a) Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Blvd., 11th Floor, Los Angeles, California 90067-4100, Attn: Jeff Pomerantz ([jpomerantz@pszjlaw.com](mailto:jpomerantz@pszjlaw.com)) and (b) 780 Third Avenue, 36th Floor, New York, NY 10017-2024, Attn: Robert Feinstein ([rfeinstein@pszjlaw.com](mailto:rfeinstein@pszjlaw.com)).

PLEASE TAKE FURTHER NOTICE that if you object to the Settlement and you do not want the Debtors to proceed with Settlement or you want the Court to consider your

views concerning such Settlement, you or your attorney must also:

file in writing with the Court, Clerk of Court, United States Bankruptcy Court, 701 East Broad Street, Suite 4000, Richmond, Virginia 23219, or electronically ([www.vaeb.uscourts.gov](http://www.vaeb.uscourts.gov)), a written Objection pursuant to Local Bankruptcy Rule 9013-1(H). If you mail your Objection to the Court for filing, you must mail it early enough so the Court will **receive it on or before June 2, 2010 at 5:00 p.m. (Eastern)**

Any Objection to a Settlement must be submitted by the method described in the foregoing sentence. Objections will be deemed filed only when actually received at the address listed above.

PLEASE TAKE FURTHER NOTICE that, pursuant to paragraph 10(d) of the Order, if a Notice Party submits a Request, only such Notice Party shall have the later of (i) an additional five (5) days to object to the Settlement or (ii) in the case of a Request for additional information, three (3) days after receipt by the Notice Party of the additional information requested. Each Notice Party may only make one Request for additional time per Settlement, unless otherwise agreed to by the Debtors in their sole discretion.

PLEASE TAKE FURTHER NOTICE that, pursuant to paragraph 10(c) of the Order, if no Objection or Request is filed and served upon counsel for the Debtors and counsel for the Committee of Unsecured Creditors or counsel to the Debtors and counsel for the Committee of Unsecured Creditors do not receive a Request prior to the expiration of the Objection Deadline (as may be extended by Requests, if any), the **Debtors shall be authorized to enter into and consummate the Settlement without further order of the Court or any other action by the Debtors.**

Dated: May 19, 2010  
Richmond, Virginia

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- and -

MCGUIREWOODS LLP

/s/ Douglas M. Foley  
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Sarah B. Boehm (VSB No. 45201)  
One James Center  
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Richmond, Virginia 23219  
(804) 775-1000

Counsel for Debtors and Debtors  
in Possession

**EXHIBIT 1**

**(Order w/out Exhibit(s))**



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Counsel to the Debtors and  
Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

- - - - - x  
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In re: : Chapter 11  
:  
CIRCUIT CITY STORES, INC., : 1Case No. 08-35653 (KRH)  
et al., :  
:  
Debtors. : Jointly Administered  
- - - - - x

**ORDER UNDER 11 U.S.C. §§ 105 AND 363, AND FED. R. BANKR.  
P. 2002, 9006, AND 9019 AUTHORIZING THE ESTABLISHMENT OF  
PROCEDURES TO SETTLE CERTAIN PRE-PETITION AND POST-  
PETITION CLAIMS AND CAUSES OF ACTION WITHOUT FURTHER COURT  
APPROVAL**

Upon the motion (the "Motion")<sup>1</sup> of the Debtors  
for entry of an order, pursuant to sections 105 and 363

<sup>1</sup> Each capitalized term not otherwise defined herein shall have the meaning ascribed to it in the Motion.



of title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 9006 and 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of an order authorizing the establishment of procedures to settle certain pre-petition and post-petition claims and causes of action without further court approval; and the Court having reviewed the Motion; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby:

**FOUND, DETERMINED, AND CONCLUDED that:**

1. Based on the affidavits of service filed, due, proper and adequate notice of the Motion has been given in accordance with the Case Management Order and that no other or further notice is necessary;
2. The Notice Procedures are fair, reasonable, and appropriate.
3. The Settlement Procedures are fair reasonable, and appropriate.
4. The Notice and Settlement Procedures were proposed in good faith.

5. Pursuant to Bankruptcy Rule 9006, cause exists to shorten the applicable notice period in Bankruptcy Rule 2002(a)(3) with respect to each Settlement.

6. Upon the expiration of the applicable Notice Period without an objection or upon resolution of any filed objection after the applicable Notice Period, each Settlement that complies with the Notice and Settlement Procedures shall be deemed (i) fair and reasonable and (ii) to have satisfied the standards under Bankruptcy Code sections 105 and 363 and Bankruptcy Rule 9019.

7. The relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest.

**ORDERED, ADJUDGED, AND DECREED that:**

8. The Motion is GRANTED.

9. The Debtors are authorized, but not directed, to compromise and settle Disputed Claims and Cause of Action and Receivable Claims in accordance with the Settlement Procedures.

10. The Debtors shall provide key parties in interest with notice of each proposed Settlement. The Notice Procedures are as follows:

(a) The Debtors shall give written notice, by email or facsimile, if available, or overnight courier if email or facsimile are not available, of each proposed Settlement (the "Settlement Notice") to (i) the United States Trustee, (ii) counsel for the Committee of Unsecured Creditors, (iii) any party to the Settlement, and (iv) the Core Group and 2002 List (collectively, the "Notice Parties").

(b) The Settlement Notice (or the Settlement Agreement) shall specify (i) the identity of the other party to the Settlement, (ii) a summary of the dispute with such other party, including a statement of the Debtors' reasonable estimate of the Settlement Claim amount and the basis for the controversy, (iii) an explanation of why the Settlement of such Settlement Claim is favorable to the Debtors, their estates, and their creditors, and (iv) a copy of the proposed settlement agreement ("Settlement Agreement").

(c) The Notice Parties may object to or request additional time to evaluate the proposed Settlement in writing by no later than 5:00 p.m. (ET) (i) five (5) days for both Tier I Disputed Claims and Tier I Cause of Action and Receivable Claims or (ii) ten (10) days for both Tier II Disputed Claims and Tier II Cause of Action and Receivable Claims (each an individual "Notice Period") and serve such objection or request on counsel to the Debtors and counsel for the Creditors' Committee on or before the

expiration of the applicable Notice. If the Debtors are compromising more than one Disputed Claim and/or Cause of Action and Receivable Claim, the Tier II Notice Period shall apply to such Settlement. If no objection or written request is filed and served upon counsel for the Debtors and counsel for the Creditors' Committee or counsel to the Debtors does not receive a written request for additional information and/or additional time prior to the expiration of the applicable Notice Period, the Debtors shall be authorized to enter into and consummate the Settlement Agreement without further order of the Court or any other action by the Debtors.

(d) If a Notice Party provides a written request to counsel for the Debtors for additional information or time to evaluate the proposed Settlement, only such Notice Party shall have the later of (i) an additional five (5) days to object to the proposed Settlement or (ii) in the case of a request for additional information, three days after receipt by the Notice Party of the additional information requested. Each Notice Party may only make one request for additional time per Settlement Agreement, unless otherwise agreed to by the Debtors in their sole discretion.

(e) If a Notice Party objects to the proposed Settlement within the defined Notice Period for that particular Tier of Disputed Claim or Cause of Action and Receivable Claim, (or the additional period in the case of a Notice Party that has timely requested additional time or information to evaluate the proposed Settlement) (the "Objection Deadline") and the Debtors and such objecting Notice Party are unable to reach a consensual resolution,

the Debtors will not take any further action to consummate the proposed settlement without first obtaining Court approval for that specific Settlement. The Debtors are authorized to schedule the Settlement for a hearing at the next scheduled omnibus hearing following the Objection Deadline (or any subsequent hearing) without filing a separate motion or other pleading.

(f) If the Objection Deadline has passed and no objection has been filed with the Court or request for additional time or information has been received by the Debtors, the Debtors are authorized, but not directed, to file a "Certificate of No Objection" with the Court; provided, further, that each such Certificate shall set forth a statement that no objection was filed or received (or if any objection was filed or received, such objection has been resolved) and no request for additional time or information was received or, if such request was received, the additional period of review has expired.

(g) An objection will be considered properly filed and served only if it is filed with the Court, and actually received by the following parties on or before the Objection Deadline: (i) Clerk of the Bankruptcy Court, United States Bankruptcy Court, 701 East Broad Street - Room 4000, Richmond, VA 23219, (ii) the attorneys for the Debtors, (a) Skadden, Arps, Slate, Meagher & Flom, LLP, One Rodney Square, P.O. Box 636, Wilmington, DE 19899, Attn: Gregg M. Galardi ([gregg.galardi@skadden.com](mailto:gregg.galardi@skadden.com)) and Ian S. Fredericks ([ian.fredericks@skadden.com](mailto:ian.fredericks@skadden.com)) and (b) McGuireWoods LLP, One James Center, 901 E. Cary Street, Richmond, VA 23219, Attn: Douglas M. Foley ([dfoley@mcguirewoods.com](mailto:dfoley@mcguirewoods.com))

and Daniel F. Blanks  
([dblanks@mcguirewoods.com](mailto:dblanks@mcguirewoods.com)), and (iii) (a)  
Pachulski Stang Ziehl & Jones LLP, 10100  
Santa Monica Blvd., 11th Floor, Los Angeles,  
California 90067-4100, Attn: Jeff Pomerantz  
([jpomerantz@pszjlaw.com](mailto:jpomerantz@pszjlaw.com)) and (b) 780 Third  
Avenue, 36th Floor, New York, NY 10017-2024,  
Attn: Robert Feinstein  
([rfeinstein@pszjlaw.com](mailto:rfeinstein@pszjlaw.com)).

(h) All time periods set forth in the  
Notice Procedures shall be calculated in  
accordance with Bankruptcy Rule 9006.

11. Subject to the Notice Procedures, the  
Debtors are authorized to compromise and settle Disputed  
Claims as follows:

(a) Tier I With respect to Disputed  
Claims, the Debtors, in their sole  
discretion, may negotiate, execute and  
consummate written Settlement Agreements  
with the Claimants that will be binding on  
the Debtors and their estates without  
further action by this Court. The Debtors  
may, in full settlement of such Disputed  
Claims, grant any Claimant an allowed claim  
of an agreed upon priority or administrative  
expense claim, as applicable, in an amount  
not to exceed \$500,000.

(b) Tier II With respect to Disputed  
Claims, the Debtors, in their sole  
discretion, may negotiate, execute and  
consummate written Settlement Agreements  
with the Claimants that will be binding on  
the Debtors and their estates without  
further action by this Court. The Debtors  
may, in full settlement of such Disputed  
Claims, grant any Claimant an allowed claim  
(priority or non-priority, as the case may

be) or administrative expense claim, as applicable, in an amount greater than \$500,000.

12. Subject to the Notice Procedures, the Debtors are authorized to compromise and settle Cause of Action and Receivable Claims as follows:

(a) Tier I With respect to pre- and post-petition Cause of Action and Receivable Claims, the Debtors, in their sole discretion, may negotiate, execute and consummate written Settlement Agreements with third parties that will be binding on the Debtors and their estates without further action by this Court. The Debtors may, in full settlement of such Cause of Action and Receivable Claims, compromise or settle a Cause of Action and Receivable Claim resulting in a cash payment to the Debtors' estates of a value (i) equal to or greater than seventy-five percent (75%) of the Debtors' original reasonable estimate of the Cause of Action and Receivable Claim amount and (ii) equal to or less than \$1,000,000.

(b) Tier II With respect to pre- and post-petition Cause of Action and Receivable Claims, the Debtors, in their sole discretion, may negotiate, execute and consummate written Settlement Agreements with third parties that will be binding on the Debtors and their estates without further action by this Court. The Debtors may, in full settlement of such Cause of Action and Receivable Claims, compromise or settle a Cause of Action and Receivable Claim resulting in a cash payment to the Debtors' estates of a value equal to (i) more than \$1,000,000 or (ii) less than



seventy-five percent (75%) of the Debtors' original reasonable estimate of the Cause of Action and Receivable Claim amount.

13. To memorialize the Settlements, the Debtors are authorized in their sole discretion, but not directed, to enter into Settlement Agreements substantially in the form of Exhibit A attached hereto; provided, further, that the material terms of each Settlement Agreement may vary depending upon the specific facts and circumstances of each Settlement and nothing herein or therein shall be construed as impairing the Debtors' ability to tailor the form of the Settlement Agreement to each specific Settlement.

14. The Debtors are authorized, but not directed, to resolve all of the Disputed Claims and Cause of Action and Receivable Claims of a single party in a single Settlement Agreement.

15. The Debtors shall provide written notice to Kurtzman Carson Consultants LLC ("KCC"), the Debtors' authorized claims and noticing agent, with respect to any proof of claim settled pursuant to these Settlement Procedures; provided, further, that, if applicable, KCC

is authorized and directed to amend the claims register accordingly without further order of the Court.

16. Following entry of this Order, unless otherwise agreed to between the Debtors and the Creditors' Committee, the Debtors' advisors shall provide weekly updates concerning ongoing settlement discussions to the Creditors' Committee's advisors. These updates shall include, without limitation, non-privileged information mutually agreed to among the parties' advisors. Once the Debtors reach an agreement in principle with a third party, the Debtors shall share the material terms of the Settlement with the Creditors' Committee's advisors. All information shared with the Creditors' Committee's advisors shall be deemed shared subject to the existing confidentiality agreement with the Debtors.

17. Assuming no objection has been filed by the applicable Objection Deadline, immediately after the expiration of the Notice Period (or, in the case of a filed objection that has been resolved, upon filing of a Certificate of No Objection) the Settlement Agreement

shall be deemed to be a final order of this Court for all purposes, including for purposes of any appeal.

18. In the event there is an inconsistency between the Motion and this Order, this Order shall control.

19. The requirement under Local Rule 9013-1(G) of the Local Rules for the United States Bankruptcy Court for the Eastern District of Virginia to file a memorandum of law in connection with the Motion is hereby waived.

20. This Court retains jurisdiction to hear and determine all matters arising from or related to the Motion, this Order or any Settlement.

Dated: Richmond, Virginia  
Aug 7 2009, 2009

/s/ Kevin R. Huennekens  
UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

Entered on docket: August 10 2009

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/s/ Douglas M. Foley  
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901 E. Cary Street  
Richmond, Virginia 23219  
(804) 775-1000

Counsel to the Debtors  
and Debtors in Possession

**CERTIFICATION OF ENDORSEMENT UNDER LOCAL RULE 9022-1(C)**

Pursuant to Local Bankruptcy Rule 9022-1(C), I  
hereby certify that the foregoing proposed order has  
been endorsed by or served upon all necessary parties.

/s/ Douglas M. Foley  
Douglas M. Foley

**EXHIBIT 2**  
**(Settlement)**

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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

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In re: : Chapter 11  
:  
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)  
et al., :  
:  
Debtors. : Jointly Administered  
- - - - - X

**SETTLEMENT AGREEMENT AND STIPULATION BY AND AMONG  
THE DEBTORS AND THE COUNTY OF HENRICO, VIRGINIA  
RESOLVING THE DEBTORS' NINETEENTH OMNIBUS OBJECTION,  
TWENTY-FOURTH OMNIBUS OBJECTION, AND THIRTY-SEVENTH  
OMNIBUS OBJECTIONS TO MULTIPLE CLAIMS**

This settlement agreement and stipulation (the  
"Agreement") is entered into by and among the above-  
captioned debtors and debtors in possession (the  
"Debtors"), on the one hand, and the County of Henrico,

Virginia the "Claimant" and together with the Debtors, the "Parties" and each of which is a "Party"), on the other hand.

#### **GENERAL BACKGROUND**

WHEREAS, on November 10, 2008 (the "Petition Date"), the Debtors each filed a voluntary petition in the United States Bankruptcy Court for the Eastern District of Virginia (the "Court") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"); and

WHEREAS, the Debtors have continued as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108; and

WHEREAS, on November 12, 2008, the Office of the United States Trustee for the Eastern District of Virginia appointed a statutory committee of unsecured creditors (the "Creditors' Committee"); and

WHEREAS, to date, no trustee or examiner has been appointed in these chapter 11 cases; and

WHEREAS, on January 16, 2009, the Court authorized the Debtors, among other things, to conduct going out of business sales at the Debtors' remaining



567 stores pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced going out of business sales pursuant to the Agency Agreement at the Debtors remaining stores. On or about March 8, 2009, the going out of business sales concluded and pursuant to the Parties' stipulation approved by the Court on March 10, 2009, funds were set aside to pay the tax claims of certain jurisdictions, including the Claimant's (Docket No. 2491); and

WHEREAS, on September 29, 2009, the Debtors and the Creditors Committee filed the First Amended Joint Plan of Liquidation of Circuit City Stores, Inc. and its Affiliated Debtors and Debtors In Possession and its Official Committee of Creditors Holding General Unsecured Claims (the "Plan"); and

WHEREAS, the associated disclosure statement (the "Disclosure Statement") was approved on September 24, 2009, and confirmation on the Plan is currently scheduled for June 8, 2010; and

WHEREAS, generally, the Plan provides for the liquidation of the Debtors under chapter 11 of the Bankruptcy Code; and

WHEREAS, the Debtors are authorized under the Court's Order Under 11 U.S.C. §§ 105 and 363, and Fed. R. Bankr. P. 2002, 9006, and 9019 Authorizing the Establishment of Procedures to Settle Certain Pre-Petition and Post-Petition Claims and Causes of Action Without Further Court Approval dated August 7, 2009 and entered on August 10, 2009 (the "Settlement Procedures Order") (Docket No. 4401)<sup>1</sup> to enter into this Agreement, subject to the Notice Procedures; and

#### **SETTLEMENT BACKGROUND**

WHEREAS, among other claims, Claimant filed the proofs of claim set forth on Exhibit A attached hereto that remain pending and unresolved (collectively, the "Claims"):

WHEREAS, the Debtors filed several objections to the Claims, including the following objections that remain unresolved (the "Objections"):

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<sup>1</sup> All capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Settlement Procedures Order.

- a. Debtors' Nineteenth Omnibus Objection to Claims (Reclassification of Certain Misclassified Claims to General Unsecured, Non-Priority Claims), which objected to, among other claims, several of the Claims (Docket No. 3703);
- b. Debtors' Twenty-fourth Omnibus Objection to Claims (Disallowance of Certain Real Estate Tax Claims on Real Property in Which the Debtors Leased the Real Property), which objected to, among other claims, several of the Claims (Docket No. 4017); and
- c. Debtors' Thirty-Seventh Omnibus Objection to Claims (Reduction of Certain Personal Property Tax Claims), which objected to, among other claims, several of the Claims (Docket No. 4613);

WHEREAS, the Claimant filed the following responses to the Objections (the "Responses"):

- a. Henrico County, Virginia's Response to Debtors' Nineteenth Omnibus Objection (Docket No. 4062);
- b. Henrico County, Virginia's Response and Opposition to Debtors' Twenty-Fourth Omnibus Objection to Claims (Docket No. 4422); and
- c. Henrico County, Virginia's Response in Opposition to Debtors' Thirty-Seventh Omnibus Objection to Claims (Reduction of Certain Personal Property Tax Claims) (Docket No 5109).

WHEREAS, on April 29, 2010, the Debtors filed their Motion for Partial Summary Judgment on the Thirty-Seventh Omnibus Objection and Memorandum of Law in Support thereof (Docket Nos. 7343, 7344) (the "Motion for Summary Judgment"); and

WHEREAS, rather than proceed with litigation concerning the Claims, Objections, Responses, and the Motion for Summary Judgment, the Parties engaged in good faith, arms' length negotiations and resolved such matters in their entirety according to the terms of this Agreement;

NOW THEREFORE, subject to and in accordance with the Settlement Procedures Order, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties hereby STIPULATE AND AGREE AND IT IS HEREBY ORDERED that:

1. On account of the various tax liabilities set forth in the Claims, Claim No. 2248 is hereby modified and allowed and is no longer subject to amendment or revision, as an Allowed Priority Claim (as defined in the Plan), in the total amount of \$975,736.00, and shall be paid in full on or before June 30, 2010.

2. Except for Claim No. 2248 that is amended as provided in the preceding paragraph, all of the Claims filed to date by Claimant are hereby forever withdrawn and disallowed for all purposes in these bankruptcy cases.

3. Any and all other proofs of claim, administrative expense requests, or scheduled liabilities filed by Claimant or on its behalf for any debt related to the period on or before December 31, 2009, shall be deemed disallowed and Claimant covenants and agrees not to file any additional proofs or claim or administrative expense requests for this time period in the Debtors' cases. The Parties, on behalf of themselves and their successors and assigns, hereby irrevocably and fully release one another from and against any and all claims (as defined in section 101(5) of the Bankruptcy Code) or causes of action related to the period on or before December 31, 2009. It is the intent of the Parties that the Debtors' obligations for the Claimant's taxes and services on or after January 1, 2010 will be timely paid in accordance with Virginia law.

4. Upon the occurrence of the Effective Date, the Objections and the Responses shall be deemed resolved.

5. Nothing contained herein shall constitute an allowance of any claim or be deemed an admission of

liability on the part of the Debtors or Claimant with respect to any claim.

6. Neither this Agreement, nor any statement made or action taken in connection with the negotiation of this Agreement, shall be offered or received in evidence or in any way referred to in any legal action or administrative proceeding among or between the Parties hereto, other than as may be necessary (a) to obtain approval of and to enforce this Agreement or (b) to seek damages or injunctive relief in connection therewith.

7. Each of the Parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary or appropriate in conjunction with the performance of their respective obligations hereunder.

8. No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any person other than the Parties hereto and their respective successors.

9. This Agreement shall be governed by and construed in accordance with the Bankruptcy Code and the internal laws of the Commonwealth of Virginia without regard to any choice of law provisions.

10. This Agreement may be signed in counterpart originals and delivered by facsimile or email, which, when fully executed, shall constitute a single original.

11. This Agreement constitutes the entire agreement and understanding of the Parties regarding the Agreement and the subject matter thereof.

12. The United States Bankruptcy Court for the Eastern District of Virginia shall retain exclusive jurisdiction (and the Parties consent to such retention of jurisdiction) with respect to any disputes arising from or related to, or other actions to interpret, administer or enforce the terms and provisions of, this Agreement.

13. Each person or entity who executes this Agreement on behalf of another person or entity represents and warrants that he, she, or it is duly authorized to execute this Agreement on behalf of such

person or entity, has the requisite authority to bind such person or entity, and such person or entity has full knowledge of and has consented to this Agreement. The representations and warranties set forth in this paragraph shall survive execution of this Agreement.

14. This Agreement is effective upon the later of (i) execution by both Parties and (ii) the expiration of the applicable Notice Period (such date, the "Effective Date").

15. This Agreement shall not be modified, altered, amended or vacated without the written consent of all the Parties hereto or order of the Bankruptcy Court.

16. In the event that this Agreement is not consummated for any reason, Claimant reserves its rights to fully challenge the Debtors' Objections to its Claims, notwithstanding the passing of any deadlines for filing responsive pleadings.



IN WITNESS WHEREOF, this Agreement is hereby  
executed as of the later of the dates set forth below.

ACCEPTED AND AGREED TO:

May 19, 2010

By:  
SKADDEN, ARPS, SLATE, MEAGHER & FLOM,  
LLP  
Gregg M. Galardi, Esq.  
Ian S. Fredericks, Esq.  
P.O. Box 636  
Wilmington, Delaware  
19899-0636  
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- and -

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LLP  
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155 North Wacker Drive  
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(312) 407-0700

- and -

MCGUIREWOODS LLP

/s/ Douglas M. Foley  
Douglas M. Foley (VSB No. 34364)  
Sarah B. Boehm (VSB No. 45201)  
One James Center  
901 E. Cary Street  
Richmond, Virginia 23219  
(804) 775-1000

Counsel for Debtors and Debtors in  
Possession

May 19, 2010

By:

COUNTY OF HENRICO, VIRGINIA

/s/ Rhysa Griffith South  
Rhysa Griffith South(VSB No.25944)  
Assistant Henrico County Attorney  
Office of the County Attorney County of  
Henrico  
P. O. Box 90775  
Henrico, Virginia 23273-0775  
(804) 501-5091

Counsel to County of Henrico, Virginia

**EXHIBIT A**

<b>Claim Number</b>	<b>Class<sup>2</sup></b>	<b>Property</b>	<b>Type</b>	<b>Amount</b>
2248	P/S	9950 MAYLAND DR	2008 BPP TAX	\$405,308.59
2249	P/S	9900 W BROAD ST	2008 BPP TAX	\$11,638.42
2251	P/S	1957 WESTMORELAND ST	2008 BPP TAX	\$31,073.41
2291	P/S	9860 BROOK RD	2008 BPP TAX	\$4,565.93
7665	S	11732 W BROAD ST	2008 BPP TAX	\$7,357.79
13730	A	9950 MAYLAND DR	2009 BPP TAX	\$593,196.93
14040	A	9900 W BROAD ST	2009 BPP TAX	\$24,577.85
14036	A	1957 WESTMORELAND ST	2009 BPP TAX	\$51,131.35
14035	A	9860 BROOK RD	2009 BPP TAX	\$6,677.89
13729	A	11732 W BROAD ST	2009 BPP TAX	\$12,251.46
14037	A	4531 S LABURNUM AVE	2009 BPP TAX	\$17,278.42

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<sup>2</sup> "P" denotes a priority tax claim, "S" denotes a secured tax claim, and "A" denotes an administrative expense tax claim.

2252	P/S	2006 Toyota		\$904.53
14039	A	2006 Toyota		\$614.09
2256	P/S	9970 MAYLAND DR & 9844 W BROAD ST	2008 RE TAX	\$3,540.47
14204	S	9970 MAYLAND DR & 9844 W BROAD ST	2009 RE TAX	\$6,755.33
2253	P/S	DR1	2008 RE TAX	\$229,693.87
14208	S	DR1	2009 RE TAX	\$422,265.38
2245	S	MAYLAND DR	2008 RE TAX	\$7,572.26
14206	S	MAYLAND DR	2009 RE TAX	\$14,456.14
2246	S	3900 DEEP ROCK RD	2008 RE TAX	\$12,914.72
14042	A	3900 DEEP ROCK RD	2009 RE TAX	\$24,352.08
13727	A	9941 MAYLAND DR	2009 RE TAX	\$2,729.54
14032	A	3851 DEEP ROCK RD	2009 RE TAX	\$273.14
7664	S	9900 W BROAD ST	2008 RE TAX	\$18,864.24
13726	A	9900 W BROAD ST	2009 RE TAX	\$36,430.38
13728	A	9860 BROOK RD	2008 RE TAX	\$220,807.30
13897	S	4531 S LABURNUM AVE	2008 RE TAX	-
14201	S	11732 W BROAD ST	2008 RE TAX	\$23,684.88
14202	S	9954 MAYLAND DR	2008 RE TAX	\$238,365.21
<b>TOTAL</b>				<b><u>\$2,429,281.60</u></b>

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